

Message Text

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FM AMEMBASSY MANILA

TO SECSTATE WASHDC 9179

UNCLAS MANILA 15604

FOR EXIMBANK AND FCIA

E.O. 11652: NA

TAGS: BEXP, RP

SUBJECT: FCIA POLICY BY BEN & SANDERS ON BEHALF OF RIVERSIDE MILLS

SUMMARY

1. WE HAVE RECEIVED FOLLOWING LETTER DATED OCTOBER 30 FROM RIVERSIDE MILLS CORPORATION, PASIG, RIZAL, PHILIPPINES, REGARDING THE RENEWAL OF A FCIA POLICY HELD BY BEN & SANDERS CORPORATION FOR SALES TO RIVERSIDE MILLS.

QUOTE IN ITS PROCUREMENT OF ESSENTIAL RAW MATERIALS AND SUPPLIES, THE RIVERSIDE MILLS CORPORATION HAS BEEN GETTING FINANCIAL ACCOMMODATIONS FROM E. PHILIP CORPORATION AND BEN & SANDERS CORPORATION BOTH OF NEW YORK CITY, FOR WHICH, THEY HAVE AVAILED OF CREDIT FACILITIES AMOUNTING AT ONE TIME, UP TO US\$3 MILLION, FROM THE FOREIGN CREDIT INSURANCE ASSOCIATION (FCIA), WASHINGTON, D. C.

AS YOU WELL KNOW, THE PHILIPPINE TEXTILE INDUSTRY HAS BEEN IN DISTRESS FOR QUITE SOME TIME NOW, AFFECTING THE CASH FLOW OF ALL OF THE LOCAL TEXTILE MILLS.

TO DATE, OUR OUTSTANDING ACCOUNT WITH THE FCIA ON THEIR GUARANTEE, AMOUNTS TO ABOUT US\$200,00, OUT OF WHICH, THE AMOUNT OF US\$95,000 WHICH IS DUE TO THE E. PHILIP CORPORATION, UNDER THE FINANCING OF THE FIRST EMPIRE BANK OF NEW YORK, HAS BEEN RESTRUCTURED FOR PAYMENT IN THREE INSTALLMENTS.

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WE HAVE BEEN INFORMED BY THE BEN & SANDERS CORPORATION THAT RENEWAL OF THEIR FCIA POLICY IS STILL PENDING. THIS IS QUITE A SURPRISE CONSIDERING THAT FOR THE PAST TEN YEARS, OUR GROUP HAS PAID TO THE FCIA ALMOST US\$1 MILLION IN PREMIUMS.

IN VIEW OF THE DELAY ON THE RENEWAL OF THE POLICY BY THE FCIA, WE HAD TO TURN TO OTHER FOREIGN SUPPLIERS, SPECIALLY FOR RAW COTTON, WHICH IS ESSENTIAL TO THE CONTINUOUS AND UNINTERRUPTED OPERATIONS OF OUR MILLS, AND OF WHICH, WE HAVE NEGOTIATED TO IMPORT FROM RUSSIA, AT MORE ATTRACTIVE AND COMPETITIVE PRICES AND TERMS. OUR INITIAL PURCHASE IF FOR: 500 TONS VALUED AT ABOUT US\$533,000.

IF ONLY BECAUSE IT IS MOST IMPORTANT TO USE TO HAVE A CONTINUOUS AND RELIABLE SOURCE OF SUPPLY OF OUR RAW MATERIAL REQUIREMENTS, WE WOULD APPRECIATE YOUR KIND ASSISTANCE IN FOLLOWING UP IN OUR BEHALF WITH THE FOREIGN CREDIT INSURANCE ASSOCIATION THE EARLY RENEWAL OF THE POLICY. UNQUOTE

2. WE HAVE NO INFORMATION ON THE POLICY BUT PROMISED RIVERSIDE THAT WE WOULD TRANSMIT ITS REQUEST TO FCIA. WE WOULD APPRECIATE A STATUS REPORT AND ALSO INSTRUCTIONS ON HOW TO RESPOND TO RIVERSIDE.

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